26 November 2013

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TOWER Limited Results Announcement Presentation attached.

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A *customer focused* general insurer

Full year results to 30 September 2013

26 November 2013

TOWER

A *customer focused* general insurer

This presentation has been prepared by TOWER Limited to provide shareholders with information on TOWER's business. This document is part of, and should be read in conjunction with an oral briefing to be given by TOWER. A copy of this webcast of the briefing is available at http://www.tower.co.nz/company/investor-centre/webcasts/

It contains summary information about TOWER as at 30 September 2013, which is general in nature, and does not purport to contain all information a prospective investor should consider when evaluating an investment. It is not an offer or invitation to buy TOWER shares.

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TOWER Group *presentation highlights*

transition complete, *foundations* being laid

Full year reported profit of $34.4 million	A final dividend of 6 cents per share (unimputed), bringing the total to 11 cents per share for the year. Payout ratio reconfirmed at 90-100%
Three business sales realised a total of $370 million	Industry leading settlement of earthquake claims and on track to complete at the end of 2015
Costs to complete the sale of the retained Life business have been provisioned	Strategy and operating model refreshed
Confirmation and details of capital return of $70 million. A commitment to continually focusing on capital management	Foundation being laid for realising TOWER's growth potential

TOWER

What we are covering today

+ *Financials*

  Profit
  Balance sheet
  Solvency

+ *Strategy*

  Positioning for growth
  Operating structure

Full year results
to 30 September 2013

TOWER

TOWER Group *Profit* summary

NPAT
$34.4m

	Full year ended September		
	2013	2012	2011
General Insurance	19.0	26.8	24.7
Life	12.0	23.7	19.9
Health	0.9	13.3	9.7
Investments	4.0	7.0	6.8
Business unit net profit after tax	35.9	70.8	61.1
Finance and corporate expenses	(7.2)	(10.4)	(6.5)
Profit excluding the impact of discount rate and abnormal items	**28.7**	**60.4**	**54.6**
Discount rate effect	(9.0)	9.0	2.4
Net impact of abnormal items[1]	14.7	(13.6)	(23.6)
Reported net profit after tax[2]	**34.4**	**55.8**	**33.4**

$ millions

Part year contribution due to sale of business units

Reflects gains on sale of business units and Canterbury earthquake provision

1 Refer page 8 for overview
2 A number of items are classified as discontinued operations in the Group financial statements

Analysis of profit
General Insurance

sustained *premium growth*

	Full year ended September		
	2013	2012	2011
Gross earned premiums	267.2	238.9	208.3
Reinsurance	(47.9)	(41.2)	(23.4)
Net premiums	219.3	197.7	184.9
Net incurred claims	(101.3)	(91.3)	(86.4)
Large claim events[1]	(9.6)	(1.3)	-
Management and sales expenses	(83.0)	(78.8)	(70.9)
Underwriting profit	**25.4**	**26.3**	**27.6**
Investment income	8.1	12.4	11.5
Profit before tax – normal trading	**33.5**	**38.7**	**39.1**
Income tax expense	(14.5)	(11.9)	(14.4)
Profit (loss) after tax before impact of Canterbury earthquakes and revaluation of Australian liabilities	19.0	26.8	24.7
Impact of Canterbury earthquakes[2]	(15.2)	(13.6)	(22.2)
Loss from Australia discontinued operation[3]	(7.1)		
Profit (loss) after tax[4]	(3.3)	13.2	2.5

$ millions

- Sustained premium growth
- Reinsurance outlook stabilising
- Large claim events reflect New Zealand weather events and the impact of Cyclone Evan in the Pacific
- Foreign exchange losses and increased sales costs impacted management and sales expenses
- Second half results in line with proforma NPAT previously provided

Half year to:
Sept 13 **$13.1m**
Mar 13 **$ 5.9m**

1. Claim events >$1m. FY13 represents Cyclone Evan in Pacific and a series of weather events in New Zealand. FY12 represents New Zealand weather event
2. FY13 includes $14.2m of increase in provision; $0.5m of claims expense; $0.5m reinsurance premiums
3. Includes $6m revaluation of Australian liabilities
4. The impacts of the Canterbury earthquakes and the discontinuation of the Australian business are classified differently in the Group financial statements

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Overview of *abnormal items*

one offs impacts

Investments sale	**79.7**	
Gain on sale	73.0	
Sale related costs	(6.4)	
Net gain on sale		66.6[1]
Health sale	**102.3**	
Gain on sale	24.5	
Sale related costs	(6.9)	
Net gain on sale		17.6[1]
Non-participating Life sale	**71.8**	
Gain on sale	(1.4)	
Sale related costs	(11.1)	
Net gain on sale		(12.5)[1]
Remaining Life sale related costs		(2.4)[1]
Australian liabilities		(7.1)
Impact of Canterbury earthquakes		(15.2)
IT systems write down		(32.3)[1]
Net impact of one off items		**14.7**

$ millions (net of tax)

1. Classified as profit from disposal of subsidiaries in the Group financial statements

Remaining Life sale related costs

- Costs associated with the sale and separation of the remaining Life business

Australian liabilities

- Loss on sale of Australian workers compensation liabilities, subject to final approvals

Canterbury provisions

- No changes in second half to key February 2011 event provisions

IT system writedown

- Reflects reassessment and writedown of groupwide IT systems following group restructure

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Canterbury earthquake update

providing *certainty*

TOWER continues to lead the industry in settling claims, with 74% of all claims now settled and closed. Our rebuild phase is accelerating and we are working closely with customers, stakeholders and suppliers to ensure this continues at pace, providing certainty to affected customers and the wider community. We are on track for substantially completing claim settlement by the end of 2015.

TOWER is taking a prudent approach to provisioning with quarterly actuarial reviews, and will advise the market of any material changes.

Updates on our progress on Canterbury earthquake claims are published monthly at www.tower.co.nz/company/canterbury-earthquake

TOTAL PROPERTY CLAIMS
AS AT OCTOBER 2013

REBUILD PROPERTY CLAIMS
AS AT OCTOBER 2013

Key statistics - Oct 2013

- 10,412 properties have lodged claims
- 83% of total property claims are either settled or underway
- 74% (by number) of total claims have been settled and closed which represents 62% (by value) of total incurred claims

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Analysis of FY13 profit
Other divisions

other *results*

	Life[1]	Health[1]	Investments[1]
	Sep-13	Sep-13	Sep-13
Net premium/income	62.7	24.8	18.1
Total incurred claims	(66.8)	(16.4)	-
Premium payback payments	-	(2.3)	-
Management and sales expenses	(30.0)	(6.5)	(12.5)
Movement in policy liabilities	34.6	0.7	-
Investment income on assets backing policy liabilities	(8.5)	0.4	-
Insurance profit	**(8.0)**	**0.7**	**5.6**
Investment income on shareholders' funds	9.8	0.6	-
Profit before tax excluding the impact of discount rate	1.8	1.3	5.6
Income tax expense	10.2	(0.4)	(1.6)
Profit after tax excluding the impact of discount rate	**12.0**	**0.9**	**4.0**
Discount rate effect	(9.0)	-	-
Profit after tax	**3.0**	**0.9**	**4.0**

$ millions

Includes:

- Two month contribution from Health
- Six month contribution from Investments
- 10 month contribution from sold Life business

Includes $2.8 million from the remaining Life business

1. A number of items are classified as discontinued operations or held for sale in the Group financial statements

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Balance sheet summary

increased cash on hand

	Year ended		
	2013[1]	2012	2011
Cash and call deposits	350.0	199.7	152.9
Health and Life[1]	678.2	882.1	861.3
General Insurance	143.1	154.6	168.4
Investments	-	-	0.1
Total investment assets	821.3	1,036.7	1,029.8
Deferred acquisition costs	18.2	45.8	42.4
Intangible assets	30.2	81.9	72.7
Other operational assets (liabilities)	476.9	601.3	678.7
Total assets	**1,696.6**	**1,965.4**	**1,976.5**
Policy liabilities and insurance provisions	(1,161.1)	(1,262.3)	(1,326.3)
External debt	(82.8)	(82.0)	(81.3)
Other operational assets (liabilities)	(71.6)	(122.3)	(113.4)
Total liabilities	**(1,315.5)**	**(1,466.6)**	**(1,521.0)**
Total equity	**381.1**	**498.8**	**455.5**

$ millions

- Reflects the return of $120 million of capital in April 2013
- Excludes the impact of the announced $70 million capital return

1. A number of items are assets or liabilities of disposal groups classified discontinued operations or held for sale in the Group financial statements

TOWER

Solvency

focus on *capital* management

TOWER is currently holding additional capital within its licensed insurers as part of the Reserve Bank of New Zealand licensing process. This covers risks associated with the Canterbury rebuild and the run-off of the remaining Life business.

TOWER will continue to work proactively to manage these risks and to allow movement to a more efficient capital structure.

Solvency capital overview[1]	General Insurance	Life	Total
Actual solvency capital (ASC)	**196.0**	**29.8**	**225.8**
Minimum solvency capital (MSC)	78.8	6.1	84.9
Solvency margin	**117.2**	**23.7**	**140.9**
Minimum solvency margin requirement (MSM)	80.0	15.0	95.0
Current capital above regulatory minimum	**37.2**	**8.7**	**45.9**

$ millions

- Further cash and investments of $156.9 million is held outside the licensed insurers to cover capital return and debt repayment
- Capital of $21 million will be released from Australia, subject to final court and regulatory approval
- Reinsurance being utilised to minimise adverse impacts on capital and earnings

1. Solvency has not been reviewed by the Reserve Bank of New Zealand

Strategy

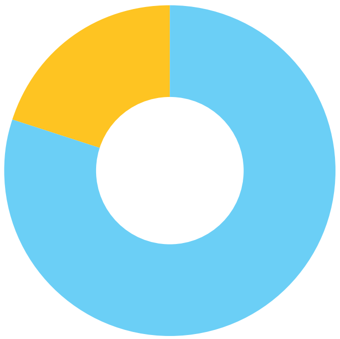
Market overview

growth opportunities

Year ended 30 September 2013:

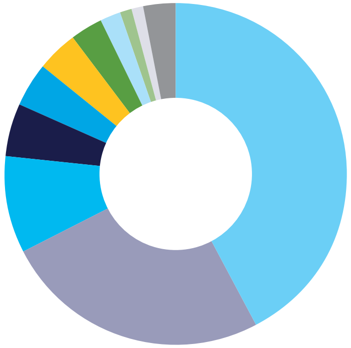
$279.3m

TOWER's GWP



- New Zealand 80%
- Pacific Islands 20%

NEW ZEALAND TOTAL GWP MARKET SHARE[1]



- IAG 41.7%
- Vero 25.4%
- Lumley 9.5%
- TOWER 4.7%
- FMG 3.8%
- AIG 3.7%
- Allianz 2.8%
- ACE 2.5%
- Zurich 1.4%
- QBE 1.1%
- Other 3.4%

TOWER's FY13 GWP BREAKDOWN WITHIN THE PACIFIC ISLANDS

- PNG 35%
- Fiji 27%
- Samoa[2] 21%
- Cook Islands 9%
- Solomon Islands 8%

TOWER's share in personal lines

- House 10.5%
- Contents 10.3%
- Motor 6.4%

Pacific Islands

Focus on:

- Building brand
- Engaging with customers and partners
- Leveraging technology

[1] Source: ICNZ September 13 market share report
2. Includes American Samoa and Tonga

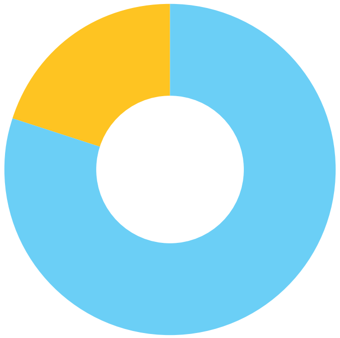
strong *base* for growth

General Insurance *key highlights*

Year ended 30 September 2013:

$279.3m

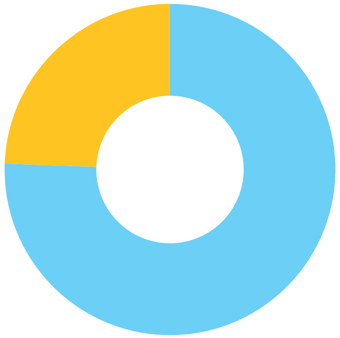
GWP



- New Zealand 80%
- Pacific Islands 20%

$19.0m

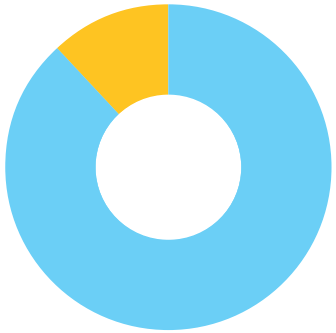
NORMALISED NPAT[1]



- New Zealand $14.4m
- Pacific Islands $4.6m

499,707

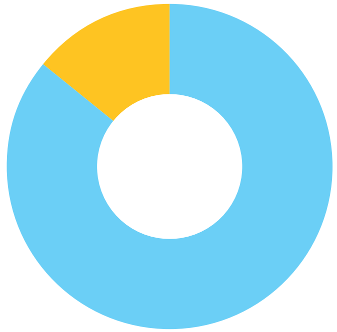
Inforce policies



- New Zealand 88%
- Pacific Islands 12%

266,271

Clients[2]



- New Zealand 87%
- Pacific Islands 13%

1. Only normalised for discontinued Australian business and Canterbury earthquakes
2. One customer can be comprised of multiple clients. Restated from half year to include additional contract types

TOWER

Clear strategic direction

realise TOWER's value

TOWER's vision is to be the leading light in New Zealand general insurance.

We have a clear direction and a customer-centric strategy focused on five key enablers that position us for growth and the delivery of returns to shareholders.

We are a well capitalised business, with a highly recognised brand. This is not reflected in our market share.

Key *enablers*

- Value added services
- Product bundling
- Capital efficiencies
- Direct and alliance channels
- Data insights

Growth and retention

- Differentiate on customer experience and are easy to do business with
- Customer segmentation and proactive engagement using data insights
- Consistency of service across channels – a collaborative approach
- Actively building and managing strategic relationships
- Capital efficiencies to fund growth

Key *metrics*

Financial performance

- Net profit after tax
- Gross written premium retention ratio

Customer satisfaction

- Net promoter score

Staff engagement

- AonHewitt engagement survey

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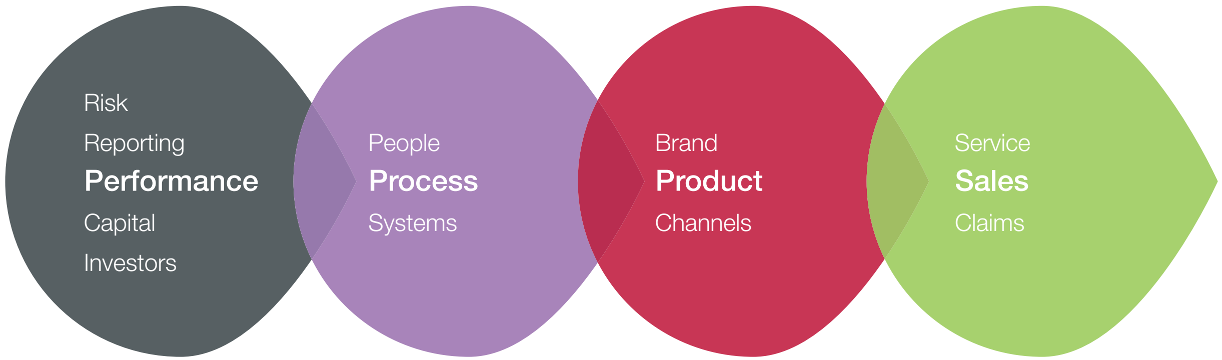
Operating structure

customer focused structure



Risk and finance	Service enablement	Customer proposition	Sales and service
Michael Boggs	Debbie Eyre	Mark Savage	

We have reorganised our business to be more agile, responsive and customer focused. This has seen us create four collaborating divisions, working together to deliver shared goals. A number of key senior appointments have already been made.

This new organisation design, with a focus on customers, not policies, will improve the delivery of our services to customers and drive value to shareholders.

"It was so nice to have someone who understands what we were trying to insure, and the best way of going about it. It really did make it enjoyable rather than a hassle."

"I came away from the phone call very satisfied with the TOWER experience and also found the subsequent follow through of sending policy documents very quick and efficient. I thought the service was excellent and thought at least you should know."

In summary

customer focused insurer

Give meaning to the *TOWER brand* – recognise its potential

Deliver *new products and services* to the market to drive value

Settle Canterbury earthquake claims, *giving customers and the community certainty*

Continue to focus on *cost efficiencies* to deliver bottom line improvements

Capital will remain an ongoing focus

Invest time and energy in *stakeholder engagement* to improve TOWER's position


Thank you,
any questions?
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Appendix A:
Supporting information

Corporate governance *and policies*

TOWER continues to focus on improving overall Corporate Governance and policies:

- IPSA compliant governance structures in place for each licensed insurer
- Review of Board structure and size underway
- Diversity policy approved and implemented
- Enhanced disclosure and increased engagement with stakeholders

Balance sheet summary
Divisions

	As at September 2013			
	General	Life	Corp	Total Group[1]
Cash and call deposits	189.1	8.4	152.5	350.0
Total investment assets	143.1	673.8	4.4	821.3
Deferred acquisition costs	18.2	-	-	18.2
Intangible assets	-	-	30.2	30.2
Other operational assets (liabilities)	377.9	56.0	43.0	476.9
Total assets	**728.3**	**738.2**	**230.1**	**1,696.6**
Policy liabilities and insurance provisions	(470.7)	(679.3)	(11.1)	(1,161.1)
External debt	-	-	(82.8)	(82.8)
Other operational assets (liabilities)	(45.6)	(19.5)	(6.5)	(71.6)
Total liabilities	**(516.3)**	**(698.8)**	**(100.4)**	**(1,315.5)**
Total equity	**212.0**	**39.4**	**129.7**	**381.1**

$ millions

1. A number of items are assets or liabilities of disposal groups classified discontinued operations or held for sale in the Group financial statements

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Investment assets breakdown

	As at September 2013			
	General	Life	Corp	Total Group
Fixed interest securities (NZ)	127.9	482.0	4.4	614.3
Fixed interest securities (AUS)	12.5	-	-	12.5
Total fixed interest securities	**140.4**	**482.0**	**4.4**	**626.8**
Equity securities (NZ)	-	94.7	-	94.7
Equity securities (AUS)	-	-	-	-
Equity securities (International)	1.7	-	-	1.7
Total equities securities	**1.7**	**94.7**	**-**	**96.4**
Property securities	0.9	49.0	-	49.9
Derivative financial instruments	0.1	48.1	-	48.2
Total investment assets	**143.1**	**673.8**	**4.4**	**821.3**

$ millions

Credit ratings for investment assets

	2013
Investment assets subject to credit rating	
AAA	229.1
AA	652.2
A	21.5
BBB or below	12.8
Unrated investments[1]	56.7
	972.3
Investment assets not subject to credit rating	
Fixed interest securities	52.7
Equity securities	96.4
Property securities	49.9
	199.0
Total cash and investment assets	1,171.3
Cash and call deposits	350.0
Investment assets	821.3
Total cash and investment assets	**1,171.3**
	$ millions

1. Includes derivative financial assets and cash

General Insurance
Analysis of profit

	Half year ended						
	Sep-13	**Mar-13**	**Sep-12**	**Mar-12**	**Sep-11**	**Mar-11**	**Sep-10**
Net premiums	111.2	107.3	103.8	93.9	78.0	89.2	92.4
- Gross earned premiums	136.4	130.8	125.0	113.9	106.2	102.1	104.8
- Reinsurance	(24.4)	(23.5)	(21.2)	(20.0)	(13.3)	(10.2)	(11.0)
- Catastrophe reinsurance reinstatement	(0.7)	-	-	-	(14.9)	(2.7)	(1.4)
Net incurred claims	(49.8)	(58.6)	(46.4)	(44.9)	(41.7)	(44.6)	(48.3)
Large claim events[1]	(6.2)	(3.4)	(0.2)	(1.1)	-	-	-
Impact of Canterbury earthquakes	-	(20.4)	(14.5)	(4.4)	(9.1)	(5.0)	(5.0)
Management and sales expenses	(41.3)	(41.7)	(40.0)	(38.8)	(35.0)	(35.9)	(32.3)
Underwriting profit	**13.9**	**(16.7)**	**2.7**	**4.7**	**(7.8)**	**3.7**	**6.8**
Investment income	3.9	4.2	7.9	4.5	7.5	4.0	7.8
Profit before tax	**17.8**	**(12.5)**	**10.6**	**9.2**	**(0.3)**	**7.7**	**14.6**
Income tax expense	(6.4)	(2.3)	(2.8)	(3.8)	(1.8)	(3.1)	(4.6)
Profit (loss) after tax	**11.4**	**(14.7)**	**7.8**	**5.4**	**(2.1)**	**4.6**	**10.0**

$ millions

1. Claim events >$1m. FY13 represents Cyclone Evan in Pacific and a series of weather events in New Zealand. FY12 represents New Zealand weather event

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General Insurance
Key statistics

General Insurance – Gross Written Premiums (rolling 12 month) and lapses

	Half year ended						
	Sep-13	Mar-13	Sep-12	Mar-12	Sep-11	Mar-11	Sep-10
New Zealand	224.7	213.8	206.5	190.1	171.8	164.7	163.1
Pacific Islands	54.6	55.3	53.4	47.9	45.0	44.5	45.4
Total gross written premiums	**279.3**	**269.0**	**259.9**	**238.0**	**216.8**	**209.2**	**208.5**
Lapse rate[1]	13.5%	13.7%	13.7%	13.1%	13.1%	14.3%	15.7%

$ millions

General Insurance – Net premiums and claims

	Half year ended						
	Sep-13	Mar-13	Sep-12	Mar-12	Sep-11	Mar-11	Sep-10
Net premiums	111.2	107.3	103.8	93.9	78.0	89.2	92.4
Claims including catastrophe events	56.0	82.3	61.1	50.4	50.8	49.6	53.3
Claims ratio[2]	50.4%	76.7%	58.9%	53.7%	65.1%	55.6%	57.7%

$ millions

1. Premium lapse rate excluding FinTel
2. Includes Canterbury earthquakes, large claim events and $7.1m from Australian operations

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General Insurance
Key statistics

General Insurance – Underwriting profits

	Half year ended						
	Sep-13	Mar-13	Sep-12	Mar-12	Sep-11	Mar-11	Sep-10
Underwriting profit (loss)	**13.9**	**(16.7)**	**2.7**	**4.7**	**(7.8)**	**3.7**	**6.8**
Combined ratio[1]	87.5%	115.5%	97.4%	95.0%	110.0%	96.0%	92.7%

$ millions

General Insurance – Management and sales expenses

	Half year ended						
	Sep-13	Mar-13	Sep-12	Mar-12	Sep-11	Mar-11	Sep-10
Management expenses	32.5	33.2	32.1	30.8	27.6	29.1	27.4
Commissions	8.8	8.5	7.9	8.0	7.4	6.8	4.9
Total expenses	**41.3**	**41.7**	**40.0**	**38.8**	**35.0**	**35.9**	**32.3**

$ millions

1. Claims and costs to net premium ratio

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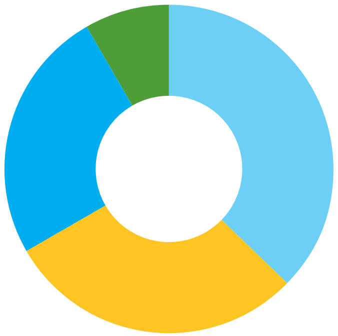
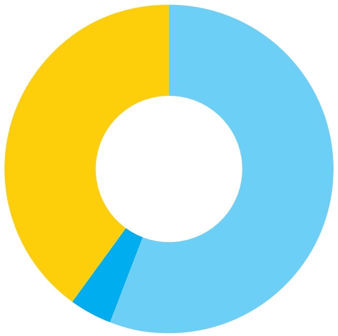
General Insurance
New Zealand overview

FY13 GWP BREAKDOWN
BY PRODUCT



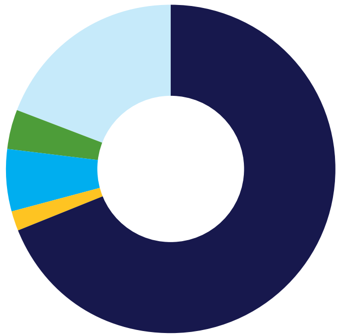
- Home 37%
- Motor 29%
- Contents 25%
- Other 9%

FY13 GWP BREAKDOWN
BY DISTRIBUTION CHANNEL



- Direct 56%
- Fintel 4%
- Alliances 40%

FY13 NEW BUSINESS GWP
BY DISTRIBUTION CHANNEL



- TOWER and FinTel phone sales 69%
- Online 2%
- Small and medium enterprises 6%
- Rural 4%
- Alliances 19%

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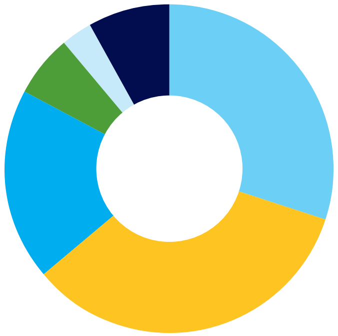
General Insurance
Pacific Islands overview

FY13 GWP BREAKDOWN BY PRODUCT

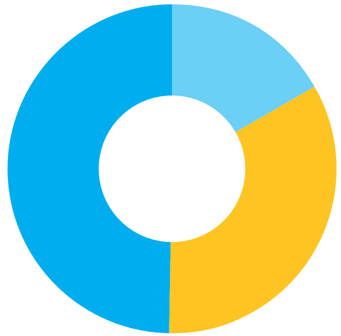


- Commercial 30%
- Motor 34%
- Home & contents 19%
- Workers comp 6%
- Accident 3%
- Other 8%

FY13 GWP BREAKDOWN BY DISTRIBUTION

- PNG 35%
- Fiji 27%
- Samoa[1] 21%
- Cook Islands 9%
- Solomon Islands 8%

FY13 GWP BREAKDOWN BY CHANNEL



- Alliances 17%
- Broker 33%
- Direct 50%

1. Includes American Samoa and Tonga

TOWER